

IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES

ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

The IOOF Flexi Trust Managed Investment Schemes ('the Schemes') consist of four separate schemes.

IOOF Growth Shares Fund
ARSN 087 721 337

IOOF Balanced Fund Fee Option 1
ARSN 087 727 491

IOOF Balanced Fund Fee Option 2
ARSN 087 728 738

IOOF Value Shares Fund
ARSN 100 074 833

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

TABLE OF CONTENTS

	Page
Directors' Report	4-8
Lead Auditor's Independence Declaration	9
Independent Auditor's Report to the Unitholders	10-12
Directors' Declaration	13
Statements of Comprehensive Income	14-15
Statements of Financial Position	16
Statements of Changes in Equity	17
Statements of Cash Flows	18-19
Notes to the Financial Statements	20-46

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

The Directors of IOOF Investment Services Limited, the Responsible Entity of the IOOF Flexi Trust Managed Investment Schemes, present this report together with the financial statements of the IOOF Flexi Trust Managed Investment Schemes ('the Schemes'), for the year ended 30 June 2020 and the auditor's report thereon.

Principal activities

The Schemes are registered managed investment schemes domiciled in Australia.

During the year, the Schemes continued to invest funds in accordance with the following investment objectives:

- IOOF Growth Shares Fund - Grow the value of the Scheme over the long term via a combination of capital growth and tax-effective income, by investing in a diversified portfolio of Australian shares with returns that outperform the S&P/ASX 300 Accumulation Index, measured on a rolling three-year basis.
- IOOF Balanced Fund Fee Option 1- Grow the value of the investment over the medium to long term by investing in a range of growth and income producing assets, and to provide a total return that exceeds the return of their benchmark measured on a rolling three-year basis.
- IOOF Balance Fund Fee Option 2 - Grow the value of the investment over the medium to long term by investing in a range of growth and income producing assets, and to provide a total return that exceeds the return of their benchmark measured on a rolling three-year basis.
- IOOF Value Shares Fund - Grow the value of the investment over the long term via a combination of capital growth and tax effective income, by investing in a diversified portfolio of Australian shares and to provide returns that exceed the S&P/ASX 300 Accumulation Index, measured on a rolling three-year basis.

The investment objectives are as disclosed in the current Product Disclosure Statements and in accordance with the provisions of the Schemes' Constitutions.

On 29 November 2019, IOOF Investment Management Limited ("the former Responsible Entity") (ABN 53 006 695 021) was replaced by IOOF Investment Services Limited ("the Responsible Entity") (ABN 80 007 350 405) as the Responsible Entity for the Scheme.

The Schemes did not have any employees during the year (2019: Nil).

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

Responsible Entity

The following persons held office as directors of IOOF Investment Services Limited during the year and up to the date of this report:

Ms D.G Allen (Chairman) (Appointed 19 December 2019)
Ms M.A Nunan (Appointed 19 December 2019)
Mr J. Selak (Appointed 19 December 2019)
Mr A.R Griffiths (Resigned 20 December 2019)
Mr R.G Mota (Resigned 20 December 2019)
Ms J.M Harvey (Resigned 20 December 2019)

Review of operations

During the year, the Schemes continued to invest in accordance with target asset allocations as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

Results

The performance of the Schemes, as represented by the results of their operations, were as follows:

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1		IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended		Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Total Comprehensive Income	(637,591)	207,357	(278,499)	496,777	(89,817)	104,835	(1,007,683)	414,354
Distributions								
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Distributions paid and payable								
30 September paid	-	-	20,077	1,326	-	-	-	-
31 December paid	131,227	27,589	32,857	37,206	-	-	84,459	64,732
31 March paid	-	-	27,531	50,150	-	8,833	-	-
30 June final payable	50,003	403,167	231,728	395,837	16,241	73,104	54,585	288,873
	<u>181,230</u>	<u>430,756</u>	<u>312,193</u>	<u>484,519</u>	<u>16,241</u>	<u>81,937</u>	<u>139,044</u>	<u>353,605</u>
	CPU	CPU	CPU	CPU	CPU	CPU	CPU	CPU
Distributions								
30 September paid	-	-	0.32	0.02	-	-	-	-
31 December paid	2.34	0.42	0.54	0.57	-	-	0.97	0.63
31 March paid	-	-	0.47	0.80	-	0.44	-	-
30 June final payable	0.91	7.17	4.01	6.38	0.95	4.04	0.72	3.22
	<u>3.25</u>	<u>7.59</u>	<u>5.34</u>	<u>7.76</u>	<u>0.95</u>	<u>4.48</u>	<u>1.69</u>	<u>3.85</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

Performance

The table below demonstrates the performance of the Schemes as represented by the total return per annum, which is calculated as the aggregation of the percentage capital growth and percentage distribution of income. The total return per annum calculated after fees is shown for the past two years to 30 June and assumes that all distributions were re-invested during that period. These are calculated in accordance with FSC standard 6.0 Product Performance - Calculation of Returns. The comparison to benchmark performance for the past two years to 30 June is also shown below:

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1		IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Capital growth	(10.44)	(2.28)	(7.03)	0.22	(4.49)	0.96	(12.41)	0.80
Distribution	2.11	5.27	3.51	5.18	0.74	3.52	1.41	3.62
Total return	(8.33)	2.99	(3.52)	5.40	(3.75)	4.48	(11.00)	4.42
Benchmark return	(7.61)	11.42	(1.95)	10.57	(1.95)	10.57	(7.61)	11.42
Benchmark name	S&P/ASX 300 Accumulation Index		Composite Benchmark		Composite Benchmark		S&P/ASX 300 Accumulation Index	

Consistent with our statements in the current Product Disclosure Statement, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

The indirect cost ratios of the Schemes are shown as follows:

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1		IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Indirect Cost Ratio	1.54	1.66	1.74	1.74	2.56	2.56	1.95	1.95

The costs are calculated on the net asset value of the Schemes and are deducted from the assets of the Schemes. The costs are accrued daily and paid monthly and are incorporated into the daily unit prices of the Schemes. The indirect cost ratio calculation includes investment management fees charged to the Schemes during the financial year, including those charged by the Responsible Entity directly for the management of the assets and performance fees charged by the investment manager when the scheme outperforms the benchmark.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

Significant changes in state of affairs

On 29 November 2019, IOOF Investment Management Limited ("the former Responsible Entity") (ABN 53 006 695 021) was replaced by IOOF Investment Services Limited ("the Responsible Entity") (ABN 80 007 350 405) as the Responsible Entity for the Scheme.

Other than the above, there were no significant changes in the state of affairs of the Scheme.

Matters subsequent to the end of the financial year

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant volatility in global and domestic financial markets. Refer to Note 11 for the sensitivity analysis of risks

At the date of signing of the financial statements, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short or longer term financial impact on the Scheme.

Except as disclosed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Schemes in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Schemes in future financial years.

Likely developments and expected results of operations

The Schemes will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Schemes and in accordance with the provisions of the Schemes' Constitutions.

The results of the Schemes' operations will be affected by a number of factors, including the performance of markets in which the Schemes invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operation of the Schemes and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Schemes.

Indemnification and insurance of officers and auditors

There is a Directors' and Officers' insurance policy which indemnifies the Directors and Officers of IOOF Investment Services Limited against liabilities to persons outside IOOF Investment Services Limited that arise out of the performance of their normal duties. The premiums have not been paid for out of the assets of the Schemes. The auditor of the Schemes is in no way indemnified out of the assets of the Schemes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

DIRECTORS' REPORT (continued)

Fees paid to and interests held in the Schemes by the Responsible Entity or its Related Parties

Details of fees paid to the Responsible Entity during the financial year are disclosed in Note 5 of the financial statements.

No fees were paid out of the Scheme's property to the Directors of the Responsible Entity during the year.

The interests in the Schemes held by the Responsible Entity or its related parties during the financial year are disclosed in Note 5 of the financial statements.

Interests in the Scheme

Details of movement in net assets attributable to unitholders and total units on issue are disclosed in Note 8 of the financial statements.

The basis for valuation of the Scheme's assets is disclosed in Note 2 of the financial statements

Environmental regulation

The operations of the Schemes are not subject to any significant environmental regulation under a Commonwealth, State or Territory law.

Lead auditor's independence declaration

The lead auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 9 and forms part of the Directors' Report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors of IOOF Investment Services Limited.

On behalf of the Directors,



Ms D.G Allen
Director

Melbourne, 28 September 2020



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IOOF Investment Services Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of IOOF Growth Shares Fund, IOOF Balanced Fund Fee Option 1, IOOF Balanced Fund Fee Option 2 and IOOF Value Shares Fund for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Rachel Milum

Partner

Melbourne

28 September 2020



Independent Auditor's Report

To the unitholders of the IOOF Flexi Trust Managed Investment Schemes:

*IOOF Growth Shares Fund;
IOOF Balanced Fund Fee Option 2; and
(collectively "the Schemes")*

*IOOF Balanced Fund Fee Option 1;
IOOF Value Shares Fund;*

Opinion

We have audited the **Financial Report** of the Schemes.

In our opinion, the accompanying Financial Report of the Schemes is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Schemes' financial position as at 30 June 2020, and of their financial performance and their cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises the:

- Statements of financial position as at 30 June 2020;
- Statements of comprehensive income, Statements of changes in equity, and Statements of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.



Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Schemes in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Schemes' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of IOOF Investment Services Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of IOOF Investment Services Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Schemes' ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Schemes or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

Rachel Milum

Partner

Melbourne

28 September 2020

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
DIRECTORS' DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

The Directors of IOOF Investment Services Limited, the Responsible Entity of the Flexi Trust Managed Investment Schemes ('the Schemes') declare that:

- (a) the financial statements and notes set out on pages 14 to 46 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Schemes' financial position as at 30 June 2020 and of their performance for the year ended on that date;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a); and
- (c) there are reasonable grounds to believe that the Schemes will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of IOOF Investment Services Limited.

On behalf of the Directors,



Ms D.G Allen
Director

Melbourne, 28 September 2020

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	IOOF Growth Shares Fund Year ended		IOOF Balanced Fund Fee Option 1 Year ended	
		30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$
<u>Investment Income</u>					
Trust distribution income		222,725	596,588	340,209	504,567
Interest income from financial assets at amortised costs	3	452	1,631	567	1,252
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	(818,925)	(326,581)	(535,876)	79,752
Investment manager fee rebate		59,596	53,549	46,670	44,663
Total investment income/(loss)		<u>(536,152)</u>	<u>325,187</u>	<u>(148,430)</u>	<u>630,234</u>
<u>Expenses</u>					
Responsible Entity fees	5	100,843	105,598	110,493	112,630
Scheme expenses		596	12,232	19,576	20,827
Total operating expenses before finance costs		<u>101,439</u>	<u>117,830</u>	<u>130,069</u>	<u>133,457</u>
Operating profit/(loss)		<u>(637,591)</u>	<u>207,357</u>	<u>(278,499)</u>	<u>496,777</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		<u>(637,591)</u>	<u>207,357</u>	<u>(278,499)</u>	<u>496,777</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	IOOF Balanced Fund Fee Option 2 Year ended		IOOF Value Shares Fund Year ended	
		30 June 2020 \$	30 June 2019 \$	30 June 2020 \$	30 June 2019 \$
<u>Investment Income</u>					
Trust distribution income		81,881	128,675	329,313	590,414
Interest income from financial assets at amortised costs	3	223	488	533	1,287
Net gains/(losses) on financial instruments held at fair value through profit or loss	4	(132,514)	20,894	(1,242,823)	(72,272)
Other Income		-		-	6,570
Investment Management fee rebate		11,687	11,825	43,446	52,107
Total investment income/(loss)		(38,723)	161,882	(869,531)	578,106
<u>Expenses</u>					
Responsible Entity fees	5	46,241	51,522	118,333	140,262
Scheme expenses		4,853	5,525	19,819	23,490
Total operating expenses before finance costs		51,094	57,047	138,152	163,752
Operating profit/(loss)		(89,817)	104,835	(1,007,683)	414,354
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(89,817)	104,835	(1,007,683)	414,354

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
Assets		\$	\$	\$	\$
Cash and cash equivalents	12(a)	36,106	46,371	50,916	51,903
Receivables		48,004	69,313	194,092	282,385
Financial assets held at fair value through profit or loss	6	6,979,150	8,294,778	8,178,684	9,517,147
Total assets		<u>7,063,260</u>	<u>8,410,462</u>	<u>8,423,692</u>	<u>9,851,435</u>
Liabilities					
Distributions payable	7	50,003	403,167	231,728	395,837
Other payables		8,612	9,088	11,251	11,940
Total liabilities		<u>58,615</u>	<u>412,255</u>	<u>242,979</u>	<u>407,777</u>
Net assets attributable to unitholders - equity	8	<u>7,004,645</u>	<u>7,998,207</u>	<u>8,180,713</u>	<u>9,443,658</u>
Assets		\$	\$	\$	\$
Cash and cash equivalents	12(a)	18,904	16,095	40,309	54,970
Receivables		48,494	69,419	158,203	321,643
Financial assets held at fair value through profit or loss	6	2,061,104	2,331,135	7,175,760	9,827,377
Total assets		<u>2,128,502</u>	<u>2,416,649</u>	<u>7,374,272</u>	<u>10,203,990</u>
Liabilities					
Distributions payable	7	16,241	73,104	54,585	288,873
Other payables		4,467	4,654	14,278	25,094
Total liabilities		<u>20,708</u>	<u>77,758</u>	<u>68,863</u>	<u>313,967</u>
Net assets attributable to unitholders - equity	8	<u>2,107,794</u>	<u>2,338,891</u>	<u>7,305,409</u>	<u>9,890,023</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

		IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Note	\$	\$	\$	\$
Total equity at the beginning of the year		7,998,207	9,652,239	9,443,658	10,112,891
Comprehensive income for the year					
Profit/(loss) for the year		(637,591)	207,357	(278,499)	496,777
Total comprehensive income for the year		<u>(637,591)</u>	<u>207,357</u>	<u>(278,499)</u>	<u>496,777</u>
Transactions with unitholders					
Applications	8	10,023	7,136	48,506	65,639
Redemptions	8	(581,462)	(1,460,847)	(1,099,067)	(1,008,647)
Reinvested distributions	8	396,698	23,078	378,308	261,517
Distributions paid and payable	7,8	(181,230)	(430,756)	(312,193)	(484,519)
Total transactions with unitholders		<u>(355,971)</u>	<u>(1,861,389)</u>	<u>(984,446)</u>	<u>(1,166,010)</u>
Total equity at the end of the year		<u>7,004,645</u>	<u>7,998,207</u>	<u>8,180,713</u>	<u>9,443,658</u>
		IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Note	\$	\$	\$	\$
Total equity at the beginning of the year		2,338,891	2,827,494	9,890,023	11,967,112
Comprehensive income for the year					
Profit/(loss) for the year		(89,817)	104,835	(1,007,683)	414,354
Total comprehensive income for the year		<u>(89,817)</u>	<u>104,835</u>	<u>(1,007,683)</u>	<u>414,354</u>
Transactions with unitholders					
Applications	8	6,964	6,900	56,901	75,901
Redemptions	8	(194,820)	(525,778)	(1,748,113)	(2,276,586)
Reinvested distributions	8	62,817	7,377	253,325	62,847
Distributions paid and payable	7,8	(16,241)	(81,937)	(139,044)	(353,605)
Total transactions with unitholders		<u>(141,280)</u>	<u>(593,438)</u>	<u>(1,576,931)</u>	<u>(2,491,443)</u>
Total equity at the end of the year		<u>2,107,794</u>	<u>2,338,891</u>	<u>7,305,409</u>	<u>9,890,023</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	Year ended		Year ended	
Note	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities				
Proceeds from the sale of financial instruments held at fair value through profit or loss	810,000	9,939,555	1,661,000	3,098,757
Payments for the purchase of financial instruments held at fair value through profit or loss	(70,000)	(8,710,001)	(431,000)	(2,059,999)
Interest received	452	1,631	567	1,252
Trust distributions received	-	277,708	-	60,117
Investment management fee rebates received	59,851	59,888	47,382	45,598
Operating expenses paid	(101,434)	(119,175)	(130,384)	(133,205)
Net cash inflow/(outflow) from operating activities	12(b) <u>698,869</u>	<u>1,449,606</u>	<u>1,147,565</u>	<u>1,012,520</u>
Cash flows from financing activities				
Proceeds from application of units	9,851	7,136	47,027	65,639
Payments for redemption of units	(581,289)	(1,460,847)	(1,097,586)	(1,008,647)
Distributions paid	(137,696)	(4,512)	(97,993)	(75,787)
Net cash inflow/(outflow) from financing activities	<u>(709,134)</u>	<u>(1,458,223)</u>	<u>(1,148,552)</u>	<u>(1,018,795)</u>
Net increase/(decrease) in cash and cash equivalents	(10,265)	(8,617)	(987)	(6,275)
Cash and cash equivalents at the beginning of the financial year	46,371	54,988	51,903	58,178
Cash and cash equivalents at the end of the financial year	12(a) <u>36,106</u>	<u>46,371</u>	<u>50,916</u>	<u>51,903</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended	
Note	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities				
Proceeds from the sale of financial instruments held at fair value through profit or loss	616,000	1,070,957	1,920,000	2,370,000
Payments for the purchase of financial instruments held at fair value through profit or loss	(376,000)	(529,999)	(20,000)	(50,000)
Interest received	223	488	533	1,287
Trust distributions received	-	16,104	-	-
Investment management fee rebate received	11,855	12,244	44,107	53,080
Other income received	-	-	-	6,570
Operating expenses paid	(51,127)	(57,450)	(139,582)	(165,927)
Net cash inflow/(outflow) from operating activities	12(b) <u>200,951</u>	<u>512,344</u>	<u>1,805,058</u>	<u>2,215,010</u>
Cash flows from financing activities				
Proceeds from application of units	6,964	6,900	54,777	75,901
Payments for redemption of units	(194,820)	(525,778)	(1,754,489)	(2,264,586)
Distributions paid	(10,287)	(1,456)	(120,007)	(32,341)
Net cash inflow/(outflow) from financing activities	<u>(198,143)</u>	<u>(520,334)</u>	<u>(1,819,719)</u>	<u>(2,221,026)</u>
Net increase/(decrease) in cash and cash equivalents	2,808	(7,990)	(14,661)	(6,016)
Cash and cash equivalents at the beginning of the financial year	<u>16,096</u>	<u>24,086</u>	<u>54,970</u>	<u>60,986</u>
Cash and cash equivalents at the end of the financial year	12(a) <u>18,904</u>	<u>16,096</u>	<u>40,309</u>	<u>54,970</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 1: General information

This financial report covers the IOOF Flexi Trust Managed Investment Schemes ('the Schemes') as individual entities. The Schemes are registered managed investment schemes under the *Corporations Act 2001*.

Scheme information

The Schemes are Australian registered schemes.

Scheme Name	Date of Constitution	Date of Termination
IOOF Growth Shares Fund	9 June 1999	9 June 2079
IOOF Balanced Fund Fee Option 1	9 June 1999	9 June 2079
IOOF Balanced Fund Fee Option 2	9 June 1999	9 June 2079
IOOF Value Shares Fund	27 March 2002	27 March 2082

On 29 November 2019, IOOF Investment Management Limited ("the former Responsible Entity") (ABN 53 006 695 021) was replaced by IOOF Investment Services Limited ("the Responsible Entity") (ABN 80 007 350 405) as the Responsible Entity for the Scheme.

The Responsible Entity of the Schemes is IOOF Investment Services Limited. The Responsible Entity's registered office is Level 6, 161 Collins Street, Melbourne, VIC 3000. The Responsible Entity's ABN number is 80 007 350 405.

The financial statements were authorised for issue by the Directors on 28 September 2020. The Directors of the Responsible Entity have the power to amend and reissue the financial report as considered necessary under the Schemes' Constitutions.

Note 2: Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text:

(a) Basis of preparation

The financial report is a general purpose financial report for the year ended 30 June 2020 which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Schemes complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standard Board (IASB).

The Statement of Financial Position is prepared on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for financial assets at fair value through profit or loss and net assets attributable to unitholders.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments

(i) Recognition, derecognition and initial measurement

The Scheme initially recognises financial assets and financial liabilities at fair value through profit or loss on the trade date, which is the date on which the Scheme becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

(ii) Classification and subsequent measurement

On initial recognition, the Scheme classifies financial assets as measured at amortised cost or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All other financial assets of the Scheme are measured at fair value through profit or loss.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Scheme considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Scheme's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Scheme has determined that it has two business models:

- Held to collect business model: this includes cash and cash equivalents, term deposits, balances due from brokers and receivables from reverse sale and repurchase agreements. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments, investments in unlisted open-ended investment Schemes, unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Financial assets are not reclassified subsequent to their initial recognition unless the Scheme were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments (Continued)

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses arising from changes in the fair value of the financial assets are recognised as 'net gains/(losses) on financial instruments held at fair value through profit or loss' in the statement of comprehensive income.

Debt securities, equity investments, investments in unlisted open ended investment Schemes, unlisted private equities and derivative financial instruments are included in this category.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'Interest income from financial assets at amortised cost', foreign exchange gains and losses are recognised in 'net foreign exchange loss' and impairment is recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents, balances due from brokers, term deposit and receivables from reverse sale and repurchase agreements are included in this category.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities classified as measured at amortised cost or fair value through profit and loss.

A financial liability is classified as at fair value through profit and loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit and loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at fair value through profit and loss:

- Held for trading: securities sold short and derivative financial instruments.

Financial liabilities at amortised cost:

- This includes balances due to brokers, payables under sale and repurchase agreements and redeemable shares.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(b) Financial instruments (Continued)

iii) Fair value measurement (continued)

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Scheme measures instruments quoted in an active market at a mid price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Scheme recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The following represent the basis for valuation of financial assets and liabilities designated at fair value through profit or loss for financial reporting purposes:

- **Units in Unlisted Managed Investment Schemes**

The fair value of units in unlisted schemes is the NAV price per unit on the last day of the period, as determined by the Schemes' Responsible Entity. The NAV price is calculated by deducting the liabilities of the Scheme from the gross assets of the Scheme, less an allowance for disposal costs.

(c) Foreign currency translation

i) Functional and presentation currency

Items included in the Scheme's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Scheme competes for Schemes and is regulated. The Australian dollar is also the Scheme's presentation currency.

(d) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(d) Net assets attributable to unitholders (continued)

The units can be put back to the Scheme at any time for cash based on the redemption price, which is equal to a proportionate share of the Schemes net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at balance sheet date if the holder exercises the right to put the units back to the Schemes. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Schemes' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Schemes, and it is not a contract settled in the Schemes own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(e) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than investment or other purposes. Bank overdrafts are shown in current liabilities on the Statement of Financial Position but are included within cash and cash equivalents for cash flow

(f) Investment income and expenses

Interest income and expense from financial assets at amortised cost is calculated on an effective interest basis and includes interest from cash and cash equivalents and interest from term deposits. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(f) Investment income and expenses (continued)

Interest income from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend income relating to exchange-traded equity instruments is recognised in the Statement of Comprehensive Income on the ex-dividend date with any related foreign withholding tax recorded as an expense. Dividends declared on securities sold short is accrued on the ex-dividend date and are recognised as a dividend in the Statement of Comprehensive Income. Income distributions from private equity investments and other managed investment schemes are recognised in the Statement of Comprehensive Income as trust distribution income when declared.

In some cases, the Scheme may receive or choose to receive dividends or distributions in the form of additional shares/units rather than cash. In such cases, the Scheme recognises the dividend or distribution income for the amount of the cash/dividend alternative with the corresponding debit treated as additional investments.

All expenses, including Responsible Entity fees, performance fees and investment management fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

(g) Distributions

Distributions are payable as set out in the Scheme's Product Disclosure Statement. Distributions are determined by the Responsible Entity in accordance with the Scheme's Constitution and applicable tax legislation. Distributable income includes realised capital gains on the disposal of financial instruments held at fair value through profit and loss and those held for trading. Unrealised gains and losses on these instruments recognised in net income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained in the Scheme to be offset against future realised capital gains. If capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign taxes paid are passed on to unitholders.

The Schemes currently incur withholding tax imposed by certain countries on investment income. Income that is subject to such tax is recognised gross of the taxes and the corresponding withholding tax is recognised as tax expense.

(h) Receivables

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in Note 2(f). Amounts are generally received within 30 days of being recorded as receivables.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(h) Receivables (continued)

Amounts due from brokers which represent receivables that have been contracted for but not yet delivered by the end of the year are included in receivables. Trades are recorded on trade date and normally settled within two business days. Amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses subject to a significant increase in credit risk since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the loss allowance is measured on a 12-month expected credit loss basis. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance should be recognised. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Payables

Payables includes liabilities and accrued expenses owing by the Schemes which are unpaid as at the reporting date. Amounts due to brokers which represents payables for securities purchased that are unsettled at reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2020 under the Schemes' Constitutions.

(j) Applications and redemptions

Applications received for units in the Schemes are recorded net of any entry fees payable prior to the issue of units in the Schemes.

All redeemable units issued by the Schemes provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the Product Disclosure Statement, the Schemes are contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Schemes on disposal of its assets required to fund the redemptions. As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Schemes (excluding the unitholders' funds classified as a financial liability) and the contractual amount payable to unitholders which is based on the redemption price.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Schemes' Constitutions and Product Disclosure Statement.

(l) Goods and services tax (GST)

Management fees, custodial fees and other expenses are recognised net of the amount of GST recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). Payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 2: Summary of significant accounting policies (continued)

(m) Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Scheme's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using other valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Where investments are held at Level 3, models use observable market data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Note 10 Financial Instruments contains information about the estimation of fair values of financial instruments.

(n) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(o) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when, and only when, the Schemes have a legal right to offset the amounts and they intend either to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under AASBs, e.g. for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit and loss.

(p) Changes in accounting policies

There were no changes in the accounting policies of the Scheme during the year.

(q) New and amended accounting standards adopted by the Scheme

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year commencing on 1 July 2019 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(r) New standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2020 reporting period and have not been early adopted by the Scheme. None of these are expected to have a material impact on the financial statements of the Scheme.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 3: Interest income from financial assets held at amortised cost

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Interest income from financial assets held at amortised cost				
Cash and cash equivalents	452	1,631	567	1,252
Total interest income from financial assets held at amortised cost	<u>452</u>	<u>1,631</u>	<u>567</u>	<u>1,252</u>
	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Interest income from financial assets held at amortised cost				
Cash and cash equivalents	223	488	533	1,287
Total interest income from financial assets held at amortised cost	<u>223</u>	<u>488</u>	<u>533</u>	<u>1,287</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 4: Net gains/(losses) on financial instruments held at fair value through profit or loss

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Financial assets				
Net gains/(losses) on financial instruments held at fair value through profit or loss	(818,925)	(326,581)	(535,876)	79,752
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(818,925)</u>	<u>(326,581)</u>	<u>(535,876)</u>	<u>79,752</u>
	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Financial assets				
Net gains/(losses) on financial instruments held at fair value through profit or loss	(132,514)	20,894	(1,242,823)	(72,272)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	<u>(132,514)</u>	<u>20,894</u>	<u>(1,242,823)</u>	<u>(72,272)</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 5: Related party transactions

Responsible Entity

The Responsible Entity of the Flexi Trust Managed Investment Schemes is IOOF Investment Services Limited.

On 29 November 2019, IOOF Investment Management Limited ("the former Responsible Entity") (ABN 53 006 695 021) was replaced by IOOF Investment Services Limited ("the Responsible Entity") (ABN 80 007 350 405) as the Responsible Entity for the Scheme.

The immediate parent entity and the ultimate controlling entity of IOOF Investment Services Limited is IOOF Holdings Ltd.

Key management personnel

Key management personnel includes persons who are Directors of IOOF Investment Services Limited during this reporting period and up to the date of this report:

Ms D.G Allen (Chairman) (Appointed 19 December 2019)
 Ms M.A Nunan (Appointed 19 December 2019)
 Mr J. Selak (Appointed 19 December 2019)
 Mr A.R Griffiths (Resigned 20 December 2019)
 Mr R.G Mota (Resigned 20 December 2019)
 Ms J.M Harvey (Resigned 20 December 2019)

Responsible Entity fees and other transactions

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Responsible Entity fees IOOF Investment Services Limited	55,717	-	61,718	-
Responsible Entity fees IOOF Investment Management Limited	45,126	105,598	48,775	112,630
Total Responsible Entity Fee	100,843	105,598	110,493	112,630
Expense recovery	596	12,232	19,576	20,827
Responsible Entity fees payable	8,560	9,032	9,518	10,128
Expense recovery payable	51	55	1,683	1,732
Advisor entry fees rebate receivable	-	-	16	16

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 5: Related party transactions (continued)

Responsible Entity fees and other transactions

	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Responsible Entity fees IOOF Investment Services Limited	26,364	-	63,996	-
Responsible Entity fees IOOF Investment Management Limited	19,877	51,522	54,337	140,262
Total Responsible Entity Fee	<u>46,241</u>	<u>51,522</u>	<u>118,333</u>	<u>140,262</u>
Expense recovery	4,853	5,525	19,819	23,490
Responsible Entity fees payable IOOF Investment Services Limited	4,042	4,238	9,283	11,305
Expense recovery payable	424	416	1,530	1,825
Advisor entry fees rebate receivable	-	-	92	142

Under the terms of the Schemes' Constitutions, the Responsible Entity is entitled to receive maximum management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Schemes as follows:

IOOF Growth Shares Fund	1.25% per annum (2019: 1.14%)
IOOF Balanced Fund Fee Option 1	1.17% per annum (2019: 1.11%)
IOOF Balanced Fund Fee Option 2	1.96% per annum (2019: 1.92%)
IOOF Value Shares Fund	1.27% per annum (2019: 1.26%)

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 5: Related party transactions (continued)

Investments

The Schemes held investments in the following schemes of which IOOF Investment Services Limited is the Responsible Entity or its related parties:

	IOOF Balanced Fund Fee Option 1							
	Fair value of Investment		Interest Held		Distribution received/receivable		Distribution receivable	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	%	%	\$	\$	\$	\$
Perennial Value Australian Shares Trust *	-	1,691,652	-	0.18	-	98,778	-	54,199
	-	1,691,652			-	98,778	-	54,199

	IOOF Balanced Fund Fee Option 2							
	Fair value of Investment		Interest Held		Distribution received/receivable		Distribution receivable	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	%	%	\$	\$	\$	\$
Perennial Value Australian Shares Trust *	-	416,796	-	0.04	-	25,403	-	13,354
	-	416,796			-	25,403	-	13,354

	IOOF Value Shares Fund							
	Fair value of Investment		Interest Held		Distribution received/receivable		Distribution receivable	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	%	%	\$	\$	\$	\$
Perennial Value Australian Shares Trust *	-	9,827,377	-	1.05	-	590,414	-	314,861
	-	9,827,377			-	590,414	-	314,861

* Effective 10 October 2019, Perennial Value Australian Shares Trust ceased to be a related party to the Schemes and therefore no related party balances have been shown for the year ended 30 June 2020

The Schemes did not hold any investments in the Responsible Entity or its related parties during the year (30 June 2019: Nil).

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 5: Related party transactions (continued)

Key management personnel compensation

Key management personnel are remunerated by IOOF Service Co Pty Ltd, a related party of IOOF Investment Services Limited. Payments made from the Schemes to IOOF Investment Services Limited do not include any amount that is directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Schemes have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related parties at any time during the reporting period.

Other transactions within the Schemes

Apart from those details disclosed in this Note, no key management personnel have entered into a material contract with the Schemes since the end of the previous financial year and there were no material contracts involving Directors interests subsisting at year end.

Key management personnel unitholdings

At 30 June 2020 and 30 June 2019, no Directors of the Responsible Entity held units in the Schemes.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 6: Financial assets held at fair value through profit or loss

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Held at fair value through profit or loss				
Unlisted unit trusts	6,979,150	8,294,778	8,178,684	9,517,147
Total held at fair value through profit or loss	<u>6,979,150</u>	<u>8,294,778</u>	<u>8,178,684</u>	<u>9,517,147</u>
Total held at fair value through profit or loss	<u>6,979,150</u>	<u>8,294,778</u>	<u>8,178,684</u>	<u>9,517,147</u>
Comprising:				
Unlisted unit trusts				
Units in unlisted unit trusts	6,979,150	8,294,778	8,178,684	9,517,147
Total unlisted unit trusts	<u>6,979,150</u>	<u>8,294,778</u>	<u>8,178,684</u>	<u>9,517,147</u>
Total financial assets held at fair value through profit or loss	<u>6,979,150</u>	<u>8,294,778</u>	<u>8,178,684</u>	<u>9,517,147</u>
	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Held at fair value through profit or loss				
Unlisted unit trusts	2,061,104	2,331,135	7,175,760	9,827,377
Total held at fair value through profit or loss	<u>2,061,104</u>	<u>2,331,135</u>	<u>7,175,760</u>	<u>9,827,377</u>
Total held at fair value through profit or loss	<u>2,061,104</u>	<u>2,331,135</u>	<u>7,175,760</u>	<u>9,827,377</u>
Comprising:				
Unlisted unit trusts				
Units in unlisted unit trusts	2,061,104	2,331,135	7,175,760	9,827,377
Total unlisted unit trusts	<u>2,061,104</u>	<u>2,331,135</u>	<u>7,175,760</u>	<u>9,827,377</u>
Total financial assets held at fair value through profit or loss	<u>2,061,104</u>	<u>2,331,135</u>	<u>7,175,760</u>	<u>9,827,377</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 7: Distributions paid and payable

The Distributions paid and payable during the year were as follows:

	IOOF Growth Shares Fund				IOOF Balanced Fund Fee Option 1			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2020	30 June 2020	30 June 2019	30 June 2019	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	\$	CPU	\$	CPU	\$	CPU	\$	CPU
30 September paid	-	-	-	-	20,077	0.32	1,326	0.02
31 December paid	131,227	2.34	27,589	0.42	32,857	0.54	37,206	0.57
31 March paid	-	-	-	-	27,531	0.47	50,150	0.80
30 June final payable	50,003	0.91	403,167	7.17	231,728	4.01	395,837	6.38
	<u>181,230</u>	<u>3.25</u>	<u>430,756</u>	<u>7.59</u>	<u>312,193</u>	<u>5.34</u>	<u>484,519</u>	<u>7.76</u>

	IOOF Balanced Fund Fee Option 2				IOOF Value Shares Fund			
	Year ended		Year ended		Year ended		Year ended	
	30 June 2020	30 June 2020	30 June 2019	30 June 2019	30 June 2020	30 June 2020	30 June 2019	30 June 2019
	\$	CPU	\$	CPU	\$	CPU	\$	CPU
31 December paid	-	-	-	-	84,459	0.97	64,732	0.63
31 March paid	-	-	8,833	0.44	-	-	-	-
30 June final payable	16,241	0.95	73,104	4.04	54,585	0.72	288,873	3.22
	<u>16,241</u>	<u>0.95</u>	<u>81,937</u>	<u>4.48</u>	<u>139,044</u>	<u>1.69</u>	<u>353,605</u>	<u>3.85</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 8: Net assets attributable to unitholders

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Schemes shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions.

The Scheme's distributions are classified as distributions in the Statement of Changes in Equity.

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	IOOF Growth Shares Fund				IOOF Balanced Fund Fee Option 1			
	30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	No. of units	\$	No. of units	\$	No. of units	\$	No. of units	\$
Opening balance	5,622,011	7,998,207	6,624,006	9,652,239	6,206,082	9,443,658	6,658,174	10,112,891
Applications	7,482	10,023	4,960	7,136	30,993	48,506	43,046	65,639
Reinvested distributions	277,941	396,698	17,554	23,078	249,896	378,308	172,982	261,517
Redemptions	(406,621)	(581,462)	(1,024,509)	(1,460,847)	(705,329)	(1,099,067)	(668,120)	(1,008,647)
Distributions paid and payable		(181,230)	-	(430,756)	-	(312,193)	-	(484,519)
Total comprehensive income		(637,591)		207,357		(278,499)		496,777
Closing Balance	<u>5,500,813</u>	<u>7,004,645</u>	<u>5,622,011</u>	<u>7,998,207</u>	<u>5,781,642</u>	<u>8,180,713</u>	<u>6,206,082</u>	<u>9,443,658</u>

	IOOF Balanced Fund Fee Option 2				IOOF Value Shares Fund			
	30 June 2020		30 June 2019		30 June 2020		30 June 2019	
	No. of units	\$	No. of units	\$	No. of units	\$	No. of units	\$
Opening balance	1,809,192	2,338,891	2,207,728	2,827,494	8,961,414	9,890,023	10,929,921	11,967,112
Applications	5,481	6,964	5,415	6,900	52,670	56,901	71,287	75,901
Reinvested distributions	48,593	62,817	5,754	7,377	227,754	253,325	62,107	62,847
Redemptions	(156,319)	(194,820)	(409,705)	(525,778)	(1,684,125)	(1,748,113)	(2,101,901)	(2,276,586)
Distributions paid and payable	-	(16,241)	-	(81,937)	-	(139,044)	-	(353,605)
Total comprehensive income		(89,817)		104,835		(1,007,683)		414,354
Closing Balance	<u>1,706,947</u>	<u>2,107,794</u>	<u>1,809,192</u>	<u>2,338,891</u>	<u>7,557,713</u>	<u>7,305,409</u>	<u>8,961,414</u>	<u>9,890,023</u>

Capital risk management

The Scheme monitors the level of daily applications and redemptions relative to the liquid assets in the Scheme. During the year, the Scheme's strategy, which was unchanged from last year, was to ensure that there was no significant exposure to illiquid or thinly traded financial instruments.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 9: Derivative financial instruments

In the normal course of business, the Schemes may enter into transactions in various derivative financial instruments. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar responses to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as forwards, futures, interest rate swaps and options. Derivatives are considered to be part of the investment process. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio occurs if the level of exposure to the markets exceeds the underlying value of the Scheme.

As at 30 June 2020 and 30 June 2019, the Schemes did not hold any derivative financial instruments.

Note 10: Financial Instruments

Carrying amount versus fair values

The fair value of financial assets and financial liabilities approximates their carrying amounts in the Statement of Financial Position.

Fair value hierarchy

The Schemes' accounting policy on fair value measurements is discussed in Note 2.

The Schemes measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Schemes can access at measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation.

IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Note 10: Financial Instruments (continued)

IOOF Growth Shares Fund

	30 June 2020				30 June 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets held at fair value through profit or loss								
Units in unlisted unit trusts	-	6,979,150	-	6,979,150	-	8,294,778	-	8,294,778
	-	6,979,150	-	6,979,150	-	8,294,778	-	8,294,778

IOOF Balanced Fund Fee Option 1

	30 June 2020				30 June 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets held at fair value through profit or loss								
Units in unlisted unit trusts	-	8,178,684	-	8,178,684	-	9,517,147	-	9,517,147
	-	8,178,684	-	8,178,684	-	9,517,147	-	9,517,147

IOOF Balanced Fund Fee Option 2

	30 June 2020				30 June 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets held at fair value through profit or loss								
Units in unlisted unit trusts	-	2,061,104	-	2,061,104	-	2,331,135	-	2,331,135
	-	2,061,104	-	2,061,104	-	2,331,135	-	2,331,135

IOOF Value Shares Fund

	30 June 2020				30 June 2019			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets held at fair value through profit or loss								
Units in unlisted unit trusts	-	7,175,760	-	7,175,760	-	9,827,377	-	9,827,377
	-	7,175,760	-	7,175,760	-	9,827,377	-	9,827,377

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 10: Financial Instruments (continued)

The valuation of unlisted unit trusts included in Level 2 is based on the daily net asset value of the managed investment schemes provided by the Investment Manager.

The Scheme recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Levels of the fair value hierarchy during the year ended 30 June 2020 and 30 June 2019.

Note 11: Financial risk management

Strategy in using financial instruments

The Scheme is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, foreign exchange risk and interest rate risk) arising from the financial instruments it holds.

As a result of the economic downturn and more specifically COVID-19, the Scheme increased its overall risk management practices. The Scheme incorporated a greater focus on asset allocation and increased its monitoring of liquidity. This was achieved via expanded supervision and reporting of member/unit holder redemptions to avoid any significant volatility in cashflows.

The Schemes' overall risk management program focuses on ensuring compliance with the Schemes' governing documents and seeks to maximise the returns derived for the level of risk to which the Schemes are exposed. As part of their risk management strategy, the Schemes may also utilise a range of derivative financial instruments to manage certain risk exposures.

The Responsibility Entity via the Investment Manager assesses the risk profile before entering into economic hedge transactions. The effectiveness of all hedge relationships is monitored by the Investment Manager (based on economic consideration rather than IFRS hedge accounting conditions) on a daily basis.

More details about risk management policies employed by the Schemes to manage financial risks are discussed below.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Schemes, resulting in a financial loss to the Schemes.

The Schemes are exposed to concentrations of risk when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved; and
- ensuring that transactions are undertaken with a large number of counterparties (either directly or indirectly).

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 11: Financial risk management (continued)

Credit risk (continued)

The Schemes' Responsible Entity via the Investment Manager also manages credit risk by ensuring that a diversified portfolio of securities is held and that Schemes do not invest in securities that are considered to be rated sub investment grade by a recognised rating agency.

The Schemes had no significant concentrations of credit risk exposure to counterparties at 30 June 2020 and 30 June 2019.

As at 30 June 2020 and 30 June 2019, there are no financial assets that are past due or impaired, or would otherwise be past due or impaired except for the terms having been renegotiated.

Credit risk is not considered to be significant to the Schemes except in relation to investments in debt securities. The Schemes do not have any investments in debt securities at 30 June 2020 and 30 June 2019.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' credit position on a continuous basis.

Liquidity and cash flow risk

Liquidity risk is the risk that the Schemes will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Schemes. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate.

The risk management guidelines adopted are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market;

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' liquidity position on a continuous basis.

Financial liabilities of the Schemes comprise distributions payable, other payables, and net assets attributable to unitholders only for the year ended 30 June 2020. Distributions payable and other payables have no contractual maturities but are typically settled within 30 days. Net assets attributable to unitholders are payable on demand.

Liquidity risk is not considered to be significant to the Scheme(s) at 30 June 2020 and 30 June 2019.

Market risk

Market risk is the risk that the changes in market prices such as foreign exchange rates, interest rates, equity prices and credit spreads will affect the Schemes' income or the fair value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Schemes' Responsible Entity via the Investment Manager aims to reduce market risk through analysis of the economic cycle and broad research of companies and markets, which may impact the Schemes' investments. In addition, the Responsible Entity, within asset allocation ranges, reduces exposure to sectors they perceive to be overvalued in favour of sectors which they believe have the prospect of better relative returns.

In accordance with the Schemes' policy, the Responsible Entity via the Investment Manager monitors the Schemes' market risk on a continuous basis.

Except as disclosed in Note 5, the Scheme had no significant concentration of market risk exposure to counterparties at 30 June 2020 and 30 June 2019.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 11: Financial risk management (continued)

The effect on the net assets attributable to unitholders and profit or loss due to a reasonably possible change in market factors, as represented by the market index, with all other variables held constant, is indicated in the table below.

IOOF Growth Shares Fund									
	30 June 2020				30 June 2019				
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss		
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Market Index	%	%	\$	\$	%	%	\$	\$	
S&P/ASX 300 Accumulation Index	26	(13)	1,793,642	(886,352)	25	(11)	2,057,105	(887,541)	

IOOF Balanced Fund Fee Option 1									
	30 June 2020				30 June 2019				
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss		
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Market Index	%	%	\$	\$	%	%	\$	\$	
Composite Benchmark	18	(8)	1,504,878	(678,831)	18	(8)	1,751,155	(742,337)	

IOOF Balanced Fund Fee Option 2									
	30 June 2020				30 June 2019				
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss		
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Market Index	%	%	\$	\$	%	%	\$	\$	
Composite Benchmark	18	(8)	379,243	(171,072)	18	(8)	428,929	(181,829)	

IOOF Value Shares Fund									
	30 June 2020				30 June 2019				
	Change in price		Effect on net assets attributable to unitholders and profit or loss		Change in price		Effect on net assets attributable to unitholders and profit or loss		
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease	
Market Index	%	%	\$	\$	%	%	\$	\$	
S&P/ASX 300 Accumulation Index	26	(13)	1,844,170	(911,322)	25	(11)	2,437,189	(1,051,529)	

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 11: Financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Schemes' financial instruments will fluctuate as a result of changes in market interest rates.

The Responsible Entity via the Investment Manager establishes interest rate management strategies to manage the risk of the Schemes. This includes managing exposures around the benchmark and hedging exposures through the use of derivatives.

In accordance with the Scheme's policy, the Responsible Entity via the Investment Manager monitors the Scheme's overall interest sensitivity position on a daily basis.

Interest rate risk is not considered to be significant to the Scheme except in relation to investments in interest bearing securities. The Scheme does not have any investments in interest bearing securities at 30 June 2020 and 30 June 2019.

Note 12: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Cash and cash equivalents

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Cash at bank	36,106	46,371	50,916	51,903
	<u>36,106</u>	<u>46,371</u>	<u>50,916</u>	<u>51,903</u>
	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Cash at bank	18,904	16,095	40,309	54,970
	<u>18,904</u>	<u>16,095</u>	<u>40,309</u>	<u>54,970</u>

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 12: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

(b) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Profit/(loss) for the year	(637,591)	207,357	(278,499)	496,777
Net (gains)/losses on financial instruments held at fair value through profit or loss	818,925	326,581	535,876	(79,752)
Proceeds from the sale of financial instruments held at fair value through profit or loss	810,000	9,939,555	1,661,000	3,098,757
Payments for the purchase of financial instruments held at fair value through profit or loss	(70,000)	(8,710,001)	(431,000)	(2,059,999)
Investment income re-invested	(243,296)	(792,090)	(427,414)	(537,038)
Changes in assets and liabilities:				
Decrease/(increase) in receivables	21,307	479,726	88,292	93,566
Increase/(decrease) in payables	(476)	(1,522)	(690)	209
Net cash inflow/(outflow) from operating activities	698,869	1,449,606	1,147,565	1,012,520
(c) Non-cash financing and operating activities				
Distributions re-invested	396,698	23,078	378,308	261,517
Participation in re-investment plans	243,296	792,090	427,414	537,038
	639,994	815,168	805,722	798,555

Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 12: Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

(b) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$
Profit/(loss) for the year	(89,817)	104,835	(1,007,683)	414,354
Net (gains)/losses on financial instruments held at fair value through profit or loss	132,514	(20,894)	1,242,823	72,272
Proceeds from the sale of financial instruments held at fair value through profit or loss	616,000	1,070,957	1,920,000	2,370,000
Payments for the purchase of financial instruments held at fair value through profit or loss	(376,000)	(529,999)	(20,000)	(50,000)
Investment income re-invested	(102,484)	(144,814)	(491,206)	(924,296)
Changes in assets and liabilities:				
Decrease/(increase) in receivables	20,925	32,759	163,440	335,444
Increase/(decrease) in payables	(187)	(500)	(2,316)	(2,764)
Net cash inflow/(outflow) from operating activities	200,951	512,344	1,805,058	2,215,010

(c) Non-cash financing and operating activities

Distributions re-invested	62,817	7,377	253,325	62,847
Participation in re-investment plans	102,484	144,814	491,206	924,296
	165,301	152,191	744,531	987,143

Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year (as reported in (b) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable (i.e. taxable).

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 13: Auditor's remuneration

	IOOF Growth Shares Fund		IOOF Balanced Fund Fee Option 1		IOOF Balanced Fund Fee Option 2		IOOF Value Shares Fund	
	Year ended		Year ended		Year ended		Year ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	\$	\$	\$	\$	\$	\$	\$	\$
(a) Audit services								
Audit and review of financial reports	12,975	12,975	5,264	5,264	6,910	6,910	6,910	6,910
Other regulatory audit services	3,199	3,199	3,199	3,199	3,199	3,199	3,199	3,199
Total remuneration for audit services	16,174	16,174	8,463	8,463	10,109	10,109	10,109	10,109

Auditor's remuneration is paid by the Responsible Entity.

Note 14: Events subsequent to reporting date

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant volatility in global and domestic financial markets. Refer to Note 11 for the sensitivity analysis of risks

At the date of signing of the financial statements, there is still significant uncertainty on the likely duration and the ultimate impact COVID-19 will have on world economies. Given the high degree of estimation uncertainty, management cannot reasonably assess or quantify the potential short or longer term financial impact on the Scheme.

Except as disclosed above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

- (i) the operations of the Schemes in future financial years;
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Schemes in future financial years.

Note 15: Contingent assets and liabilities and Capital commitments

There are no outstanding contingent assets, liabilities or capital commitments as at 30 June 2020 and 30 June 2019.

**IOOF FLEXI TRUST MANAGED INVESTMENT SCHEMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

Note 16: Involvement with unconsolidated structured entities

Investments in unlisted unit trusts, which are considered unconsolidated structured entities, are disclosed in Note 5. The maximum exposure to loss in the unconsolidated structured entities is the fair value disclosed in the Note. The fair value of the exposure will change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed of.

The investments of the Schemes are managed in accordance with the investment mandates with the respective underlying Investment Managers. The investment decisions of the Schemes are based on the analysis conducted by the Investment Manager. The returns of the Schemes are exposed to the variability of the performance of any underlying investment strategies. The underlying Investment Managers receive a management fee for undertaking the management of these investments.

As at 30 June 2020 and 30 June 2019, the Schemes have not imposed any significant restrictions (e.g. borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of any unconsolidated structured entity to transfer funds to the Schemes in the form of dividends or to repay loans or advances made to any unconsolidated structured entity by the Schemes.

As at 30 June 2020 and 30 June 2019, the Schemes do not have any current commitments or intentions to provide financial or other support to any unconsolidated structured entity, including commitments or intentions to assist the structured entity in obtaining financial support.